

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 FEA-01 COME-00 INT-05 TRSE-00

CIAE-00 INR-07 NSAE-00 RSC-01 L-02 XMB-02 AID-05 /041 R

DRAFTED BY ARA/ECP:RSTERN:MMW

APPROVED BY ARA/ECP:GROLSSEN

ARA/CEN - JSULLIVAN (SUBSTANCE)

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R 072225Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

LIMITED OFFICIAL USE STATE 028867

E.O. 11652:N/A

TAGS: EFIN, CS

SUBJECT: VENEZUELA OIL SCHEME

REF: (A) SAN JOSE 0505 (B) STATE 025596 (C) SAN JOSE A-6 OF
1/22/75

1. DEPT APPRECIATES EMBASSY'S PROMPT REVIEW REF B AND
WILL REVISE REF C ACCORDINGLY.
2. HOWEVER, SOME CONFUSION IN UNDERSTANDING OF OPERATING
MECHANISM PERSISTS.
3. REF B STATES UNDERSTANDING OF RECOPE THAT REBATED FUNDS
REST IN VENEZUELA UNTIL GOCR COMES UP WITH SATISFACTORY
DEVELOPMENT PROJECT. AT THAT POINT GOCR MAY DRAWDOWN FROM
THE ACCOUNT.
4. DEPT'S COPY OF MODEL AGREEMENT STATES THAT VENEZUELAN
INVESTMENT FUND WILL MAKE QUARTERLY DEPOSITS IN VENEZUELA'S
CENTRAL BANK AGAINST THE ISSUANCE OF SIX YEAR CERTIFICATES
OF DEPOSIT FROM CB OF COSTA RICA. INTEREST RATE TO BE AT
IDB ORDINARY CAPITAL LEVEL. LATER-SECTIONS OF THE AGREE-
MENT DEAL WITH CONVERSION OF THE SIX YEAR MONEY INTO

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25 YEAR DEVELOPMENT FUNDS.

5. IF WE INTERPRET THIS CORRECTLY, UPON THE ISSUANCE OF CD'S THE FUNDS BECAME GOCR PROPERTY AVAILABLE FOR IMMEDIATE BOP RELIEF OR OTHER PURPOSES.

6. ACTION REQUESTED: THE EMBASSY IS REQUESTED TO CONSULT WITH CB OR FINANCE MINISTRY OFFICIALS TO DETERMINE EXACT OPERATING MECHANISM AND, IF POSSIBLE, INTENT OF GOCR AS TO USE OF FUNDS. KISSINGER

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Message Attributes

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